# DEPARTMENT OF SOCIAL AND HEALTH SERVICES

June 1, 2005

To Whom It May Concern:

## RE: DISEASE MANAGEMENT PROGRAM EVALUATION

You have requested a copy of the clinical evaluation and financial reconciliation reports for year-one of the Washington Medicaid Disease Management Program (DM). The following information summarizes the enclosed reports for year one.

The first year evaluation includes a University of Washington (UW) study based on medical record review and utilization data. Researchers compared active participants to other MAA clients identified with the target conditions. The UW report showed some very positive results, such as:

- Improved lab values for end stage renal failure (ESRD) patients (Hemoglobin, measures of adequate nutrition and effectiveness of dialysis), and decreased use of acute care (hospital and emergency room (ER) visits);

- Asthma care plans doubled for DM clients; DM clients with diabetes were twice as likely to have needed lab work (HgbA1c test) and 1.5 times as likely, to have preventive eye exams performed; and the heart failure program showed a reduction in the number of emergency department (ED) visits.

The UW study did not draw conclusions about causal links between DM and the observed improvements. The researchers were limited by the fact that the study was not a randomized trial, due to federal requirements to offer services to all members, and that the control group was biased due to members and providers receiving program materials, which MAA knew would be a limitation going in.

The second study of the first year of DM is an actuarial report on the costs of care in a one year baseline period compared to the first year of the program. Results were:
- ESRD saved almost $300,000 in excess of fees paid for DM services;
- Asthma, Diabetes and Heart failure achieved first year gross savings.

Some of the factors that contributed to success include:
- Active involvement of state staff in promoting the program and educating clients and physicians;
- Clients were automatically enrolled and had to take action to NOT be included in DM;

- Regular monitoring by the DM contractors, who provided monthly reports and quarterly summaries of program success;
- The excellent services provided by the DM nurses, who were available to clients by telephone and in person if needed, for coaching, education, and monitoring of the clients' chronic conditions.

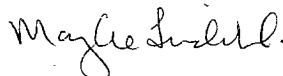Challenges of the first year include:
- The data sent to contractors for monthly client identification was also used by them to track trends in cost and utilization, but the program data was incomplete and not adequate for that task;
- Clients who were targeted for DM were assumed to experience a low turnover rate, but there was much higher turnover in the population than anticipated due to changes in eligibility and place of residence;
- Measuring changes in utilization for population-based Medicaid DM presented unusual and unanticipated challenges, related to retroactive changes in eligibility and claims data. For example, many clients were managed in the program, but lost program eligibility retroactively due to a third party source of payment for claims; therefore, they could not be included in the analysis.

Ongoing program enhancements include:
- Modifying the delivery model to include an enhanced focus on the needs of the sickest and most costly clients;
- Improved provider outreach and engagement;
- Improved efforts to ensure the distribution of timely, complete and accurate data.

The State of Washington Department of Social & Health Services, Medical Assistance Administration, McKesson Health Solutions, and Renaissance Health Care look forward to learning more about how we can continue to improve the program as we continue to evaluate program results. The parties plan to continue the contractual relationship through June 2006. Please direct any questions regarding these reports to Alice Lind at (360) 725-1629.

Sincerely,

MaryAnne Lindeblad, Director
Division of Program Support
Medical Assistance Administration